POWER GRID dircctly with Government of India acting as a Guarantor for which a guarantee fee of 1 per cent, per annum will be admissible to the Government.

Participation of Cogentrix Inc. of USA in 1000 MW Power Project at Mangalore

987. SHRI B. K. HARIPRASAD : Will the Minister of POWER be pleased to state:

(a) whether it is a fact that (as reported in 'Economic Times', dated the 8th April, 1993) the Karnataka Government has secured participation of Cogentrix Inc. of USA for setting up 1000 MW power project at Mangalore ;

(b) whether Central Government accord all necessary approvals ant guarantee to Cogentrix expeditiously and in any case before the expiry of the MOU signed between Karnataka Government and the Cogentrix Corporation ;

(c) whether it is also a fact that 31 mini-hytel projects in Karnataka have been identified for posing to World Bank for financial assistance; and

(d) if so, whether Centre would ensure that at least some of the mini-hydel projects are taken up during Eighth Plan ?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P. V-RANGAYYA NAIDU) : (a) Yes, Sir.

(b) The proposal of Cogentrix Development Company, USA, for the setting up of a 1000 MW TPS at Mangalore has been approved from the foreign investment angle.

(c) A World Bank/ESMAP study had identified 18 small/mini-hydel project sites in the State of Karnataka. The World Bank has extended a loan of US dollar 70 million to IREDA for financing such schemes.

(d) The World Bank loan has become effective from 6th April, 1993. A number of projects are expected to be taken up i with the World Bank loan assistance in tne State of Karnataka during the 8th Plan period.

Returns on Foreign investments in Power Sector

988. SHRI B. K. HARIPRASAD : Will the Minister of POWER be pleased to state :

(a) whether it is a fact that Government have offered special incentives to attract massive foreign investments in new power plants and if so, what is the percentage of post-tax returns Government propose to guarantee on overseas investments in rupee terms;

(b) what would be the percentage of returns guaranteed on investments made in foreign currencies;

(c) whether Government have also offered guarantee for payment of dues by the State Electricity Boards and if so, whether Government have assessed its capacity to enforce contractual claims on the erring State Electricity Boards ; and

(d) what long-ttrm disciplinary and punitive measures Government propose to enforce on State Electricity Boards and its major defaulting consumers for recovery of dues and to ensure minimum return on investments ?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P. V. RANGAYYA NAIDU) : (a) and (b) The Government of India is implementing the policy for encouraging private sector participation in electricity generation, supply and distribution. This scheme offers a package of financial incentives to attract private investment, both domestic and foreign in the power sector, including a guaranteed 16 per cent return on equity at normative levels of operation. In respect of foreign equity, the 16 per cent rate of return could be denominated in foreign currency.

(c) The Government of India will consider extending counter guarantee for the